



2009 Minerals Yearbook

FIJI [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF FIJI

By Lin Shi

In 2009, Fiji's mining activities mainly involved the production of cement, gold, and silver. The country also showed potential for offshore oil deposits (table 1).

According to the ANZ Pacific Quarterly, Fiji's real gross domestic product (GDP) growth rate for 2009 was estimated to be negative 2.5% compared with a positive rate of 1.2% in 2008. The annual average inflation rate for 2009 was 4.0% compared with 7.8% in 2008. The country's economic recovery remained weak, although mining activity picked up late in the year. Foreign investment in the country remained limited. Fiji's restricted consumer credit, uncertain domestic political situation, and slow local economic activity, in addition to the global economic recession directly affected the country's political and economic environments (ANZ Pacific Quarterly, 2010).

Government Policies and Programs

The Ministry of Lands, Mineral Resources, and Environment (MLMRE) is the main Government agency that implements the country's mineral development policies under the Mining Act of 1978, which was revised in 1985. Under the MLMRE, the Mineral Resources Department (MRD) develops mining policies and provides geologic information to assist mining sector investors. The MRD also facilitates the exploration and development of mineral and petroleum resources in the country (Mineral Resources Department, 2007).

Production

According to the Fiji Islands Bureau of Statistics, the country's 2009 annual production in the mining and quarrying sector decreased compared with that of the previous year. Metals production decreased by about 21%, and nonmetallic mineral production increased by about 1% compared with that of 2008. The industrial production index (IPI) for the sector in each quarter of 2009 was 28.1, 33.9, 29.5, and 48.3, respectively; in each quarter of 2008, the IPI was 28.9, 69.8, 65.8, and 51.0 (revised), respectively (Fiji Islands Bureau of Statistics, 2009a).

Structure of the Mineral Industry

Mining was an integral part of Fiji's economy. Gold was the country's second most valuable export. Fiji had been a major regional gold producer for more than 80 years. The country's mineral industry consisted of one British-owned gold and silver mining company [Vatukoula Gold Mines plc. (VGM)], one locally operated cement company [Fiji Industries Ltd. (FIL)], and several locally operated small industrial minerals quarries (company names and their production capacities were not available) that produced construction materials, such as limestone, sand and gravel, and other construction aggregates. The country hosts several major porphyry copper-gold and epithermal gold mineralized areas (Register of Indo-Pacific Mining, 2009, p. 24).

Mineral Trade

Fiji was a net importer in 2009. The value of imported mineral products decreased by about 41% from the previous year owing to a decrease in the imports of mineral fuels. The export value of mineral production decreased by about 40% from the previous year despite an increase in the value of gold exports. Imports were mainly from Singapore (35%), Australia (20%), New Zealand (13%), the United States (7%), China (4%), and India (3%). Exports went mainly to the United Kingdom (15%), Australia (12%), New Zealand (6%), the United States (5.3%), Tonga (5.2%), and Japan (4%) (Fiji Islands Bureau of Statistics, 2009b).

Commodity Review

Metals

Gold and Silver.—In 2009, most of the gold and silver produced in Fiji was exported. The Vatukoula gold mine was the country's primary gold and silver producing mine; it had proven and probable reserves of 21,150 kg (reported as 680,000 troy ounces) of gold at a grade of 10.9 grams per metric ton (g/t). The mine was situated within the Tavua volcano in the Tavua Basin on the northern part of the island of Viti Levu (Vatukoula Gold Mines plc., 2009, p. 6.).

The Vatukoula Mine was flooded during Fiji's historic flood of 2009, which interrupted the delivery of diesel fuel to the mine. This resulted in flooding of the underground workings when power to the mine shut down and critically damaged the mine's underground pumping equipment and power-generating facilities. VGM reorganized the company and rebuilt the mine after the flood. VGM signed a memorandum of understanding with the Fijian Sugar Corp. for the future purchase of power from its Bagasse power project at the Rarawai Mill as an alternate source of power for the mine. VGM reported that the company produced about 1,050 kg (33,757 troy ounces) of gold from the Vatukoula Mine in 2009 and that the company expected to produce at a targeted rate of 1,866 kg (60,000 troy ounces) of gold by August 2010 and 3,110 kg (100,000 troy ounces) by the beginning of 2011 (Vatukoula Gold Mines plc., 2009, p. 11).

Industrial Minerals

Cement.—The single Fijian cement producer, FIL, needed locally produced limestone to produce portland cement and blended cement for the domestic construction market and for export to other Pacific island countries. In previous years, FIL had contributed to the completion of domestic construction projects, such as the Queens Wharf and the Kings Wharf harbor piers and the Airport Fiji Ltd. project. In 2009, FIL supplied cement to the country's hydroelectric dam projects. Because

of the limited domestic and overseas cement demand in 2009, FIL reduced its cement production (Fiji Industries Ltd., 2009). Fiji domestically consumed industrial minerals, which included crushed stone, dimension stone, limestone, and sand and gravel.

Outlook

The outlook for Fiji's mineral economy in 2010 remained uncertain, and available data suggested weak investment and recovery. Gold production and exports are expected to increase. Demand for gold is expected to continue to be strong owing to investors seeking safe investments. Growth in the mining sector will depend on the pace of the recovery in the global economy, the domestic needs, and the demands of Fiji's major trading partners. Australia and New Zealand Banking Group Ltd. forecasted that Fiji's GDP growth rate in 2010 would be 1.8% with an average inflation rate of 4.8% (ANZ Pacific Quarterly, 2010).

References Cited

- ANZ Pacific Quarterly, 2010, Country update—Fiji: Australia and New Zealand Banking Group Ltd., February, p. 10. (Accessed May 26, 2010, at <http://www.anz.com/resources>.)
- Fiji Industries Ltd., 2009, Projects—Our dependability's set in a stone: Fiji Industries Ltd. (Accessed June 18, 2010, at <http://fijicement.com/projects.html>.)
- Fiji Islands Bureau of Statistics, 2009a, Industrial production—Quarterly industrial production index: Fiji Islands Bureau of Statistics, 1 p. (Accessed June 18, 2010, at http://www.spc.int/prism/country/fj/stats/Key Stats/Production/4.2_IPI Quarterly.pdf.)
- Fiji Islands Bureau of Statistics, 2009b, Overseas merchandise trade: Fiji Islands Bureau of Statistics. (Accessed June 18, 2010, at <http://www.spc.int/prism/country/fj/stats/Economic/trade.htm>.)
- Mineral Resources Department [Fiji], 2007, Mining and geology in Fiji: Mineral Resources Department. (Accessed June 12, 2009, at <http://www.mrd.gov.fj/gfiji/>.)
- Register of Indo-Pacific Mining, 2009, Fiji: Resource Information Unit, 300 p.
- Vatukoula Gold Mines plc., 2009, Vatukoula Gold Mines annual report 2009: Vatukoula Gold Mines plc. 56 p. (Accessed June 18, 2010, at http://www.vgmplc.com/downloads/126657_Vatukoula_Report.pdf.)

TABLE 1
FIJI: ESTIMATED PRODUCTION OF MINERAL COMMODITIES^{1,2}

Commodity ³		2005	2006	2007	2008	2009
Cement, hydraulic	metric tons	143,000	143,000	145,000	143,000	110,000
Gold, mine output, Au content	kilograms	2,793 ⁴	1,430	16	638 ⁴	1,050 ⁴
Limestone	metric tons	215,000	215,000	220,000	215,000	215,000
Sand and gravel	cubic meters	330,000	300,000	310,000	300,000	300,000
Silver, mine output, Ag content	kilograms	1,418 ⁴	750	3	265 ⁴	293

¹Estimated data are rounded to no more than three significant digits.

²Table includes data available through June 22, 2010.

³In addition to the commodities listed, bauxite, crushed and dimension stone, coral sand, marble, and other construction materials are produced, but data are insufficient to make reliable estimates of output.

⁴Reported figure.

TABLE 2
FIJI: STRUCTURE OF THE MINERAL INDUSTRY IN 2009

(Thousand metric tons unless otherwise specified)

Commodity		Major operating companies and major equity owners	Location of main facilities	Annual capacity ^c
Cement		Fiji Industries Ltd. (FIL) (an affiliate company of Holcim Group)	Lami, Suva, Fiji	145
Gold	kilograms	Vatukoula Gold Mines plc. (VGM) (River Diamonds PLC, 100%)	Vatukoula, on the island of Viti Levu	1,700
Silver	do.	do.	do.	340

^cEstimated. do. Ditto.